Company Registration No. 04108324

AES WIND GENERATION LIMITED

Annual Report and Financial Statements

31 December 2014

AES WIND GENERATION LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 2014

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AES WIND GENERATION LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

COMPANY INFORMATION

DIRECTORS

The following directors were in office during the financial year ended 31 December 2014 and subsequently, except where noted:

Name	Appointed	Resigned
Mark Reynolds		
Tihomir Mladenov		10 October 2014
Ian Luney	10 October 2014	

COMPANY SECRETARY

Tihomir Mladenov		10 October 2014

REGISTERED OFFICE

21 St Thomas Street
Bristol
BS1 6JS

AUDITORS

Ernst & Young LLP
16 Bedford Street
Belfast
BT2 7DT

DIRECTORS' REPORT

The directors present their annual report and audited financial statements for the year ended 31 December 2014.

RESULTS AND DIVIDENDS

The company's results for 2014 showed a loss after taxation of £1,140,000 (2013: loss after taxation of £723,000).

The directors do not recommend the payment of a dividend (2013: £nil).

ACTIVITIES, REVIEW DEVELOPMENTS AND FUTURE PROSPECTS

The principle activity of the company is the identification, development and contracting of wind farm projects.

No key financial and other performance indicators have been identified for this company.

The directors are not expecting a change in the principal activity of the company in the foreseeable future.

EVENTS SUBSEQUENT TO BALANCE SHEET DATE

During 2015, were allotted 1 ordinary share of £1 for a total nominal value of £221,000; 1 ordinary share of £1 for a total nominal value of £174,030 to the immediate parent company.

FINANCIAL RISK MANAGEMENT

The company's activities are exposed to a number of financial risks which the directors considered to be the company's principal risks. The group to which the company belongs has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring the levels of debt finance and related finance costs. The company does not use derivative financial instruments for speculative purposes.

Currency risk
The company's activities expose it to the financial risks of changes in foreign currency exchange rates. The company manages this risk by regular monitoring of the foreign currency exchange rates.

Credit risk
The company's principal financial assets are bank balances, cash and other receivables. The company's credit risk is primarily attributable to its receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The company has no significant concentration of credit risk, with exposure spread over large number of related parties.

Liquidity risk
The company actively maintains and monitors its cash balances to ensure that it always has sufficient funds available for its operations.

Interest rate cash flow risk

The company has both interest bearing assets and interest bearing liabilities. Interest bearing assets include bank balances and inter-group loans which earn interest at variable rates. The company's interest bearing liabilities are mainly inter-group loans which also bear interest at variable rates. Where appropriate, the company fixes the interest rate on inter-group loans to minimise the interest rate cash flow risk.

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' INDEMNITY

During the year the Company maintained liability insurance for its Directors and officers. The Company indemnifies the directors in its Articles of Association to the extent allowed under the Companies Act 2006. The indemnity provision, which is a qualifying third-party indemnity provision as defined by section 236 of the Companies Act 2006, has been in force throughout the year.

STRATEGIC REPORT

The directors have not prepared a strategic report as the company is entitled to the special provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

So far as each of the directors in office at the date of approval of these financial statements is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITORS

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Ernst & Young LLP will therefore continue in office.

Approved by the Board of Directors
and signed on behalf of the Board

Ian Luney
Director

23 September 2015

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that they have complied with these requirements and, having a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, continue to adapt the going concern basis in preparing the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

AES WIND GENERATION LIMITED

We have audited the financial statements of AES Wind Generation Limited for the year ended 31 December 2014 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information, explanations we require for our audit and the directors were not entitled to take advantage of the small companies' exemption in not preparing the Strategic Report.

Keith Jess (Senior Statutory Auditor) Ernst & Young LLP
for and on behalf of Ernst & Young LLP, Statutory Auditor
Belfast
30 September 2015

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2014

	Notes	2014 £'000	2013 £'000
Revenue		-	-
Cost of sales		**(271)**	(238)
GROSS LOSS		**(271)**	(238)
Administrative expenses		**(176)**	(90)
OPERATING LOSS		**(447)**	(328)
Other income		**10**	-
Interest payable and similar charges	4	**(703)**	(696)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		**(1,140)**	(1,024)
Tax on loss on ordinary activities	5	-	301
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		**(1,140)**	(723)

All of the results relate to continuing operations in both the current and previous year.

There are no recognised gains or losses or other movements in shareholder's funds for the current and preceding financial year other than as stated in the profit and loss account. Accordingly, no statement of total recognised gains and losses has been prepared.

BALANCE SHEET
As at 31 December 2014

	Notes	2014 £'000	2013 £'000
FIXED ASSETS			
Investments	6	**88**	88
		88	88
CURRENT ASSETS			
Debtors	7	**388**	394
Cash at bank and in hand		**15**	311
		403	705
CREDITORS: Amounts falling due within one year	8	**(2,945)**	(2,255)
NET CURRENT LIABILITIES		**(2,542)**	(1,550)
TOTAL ASSETS LESS CURRENT LIABILITIES		**(2,454)**	(1,462)
CREDITORS: Amounts falling due after more than one year	9	**(12,144)**	(12,144)
NET LIABILITIES		**(14,598)**	(13,606)
CAPITAL AND RESERVES			
Called up share capital	10	**-**	-
Share premium	11	**148**	-
Profit and loss account	11	**(14,746)**	(13,606)
SHAREHOLDER'S DEFICIT	12	**(14,598)**	(13,606)

These financial statements were approved by the Board of Directors on 23 September 2015.

Signed on behalf of the Board of Directors

Ian Luney

Director

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2014

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below and have all been applied consistently throughout both the current and preceding year.

Basis of accounting
The financial statements are prepared under the historical cost convention.

The directors consider it appropriate to prepare the financial statements on a going concern basis, since a group undertaking, AES K2 Limited, agreed to provide sufficient finance, whether directly or through one of its subsidiaries to enable the company to meet its liabilities as they fall due for the foreseeable future.

Basis of consolidation
In accordance with Section 401 of the Companies Act 2006, consolidated financial statements have not been presented as the company is a wholly owned subsidiary of the AES Corporation, a company incorporated in the state of Delaware, USA and incorporates the financial statements of this company. These financial statements present information about the company as an individual undertaking and not about its group.

Cash flow statement
The company is exempt from preparing a cash flow statement under the terms of Financial Reporting Standard (FRS) 1 (1996) as it is a wholly-owned subsidiary, for which the ultimate parent company prepares consolidated financial statements which include the results of the company and are publicly available.

Revenue recognition
Revenue represents project development and consultancy fees. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts, customs duties and sales taxes.

Administrative expenses
Administrative expenses and similar charges are recognised in the Profit and Loss Account as the service is received.

Project development costs
Costs associated with the development of wind farm sites are charged to the profit and loss account as incurred and disclosed within cost of sale expenses.

Interest
Interest is charged against interest payable and similar charges in the year in which it is incurred.

Investments
Fixed asset investments in subsidiaries and other companies are held at cost. The company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If any such indication of impairment exists, the company makes an estimate of its recoverable amount. Where the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount.

1. ACCOUNTING POLICIES (CONTINUED)

Debtors

Debtors are carried at the original invoice amount, less allowances made for doubtful receivables. Provision is made when there is objective evidence that the company will be unable to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

Trade and other creditors

Trade and other creditors are carried at payment or settlement amounts. If the effect of the time value of money is material, trade and other creditors are determined by discounting the expected future cash flows at a pre-tax rate.

Foreign currency translation

Transactions expressed in foreign currencies are translated into sterling at the rates of exchange prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rates prevailing at the year end. Any resulting gains or losses are taken to the profit and loss account.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the accounts and the reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from those estimates.

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The directors received total remuneration for the year of £485,511 (2013: £967,649), all of which was paid by various subsidiaries of the AES Corporation. The directors do not believe that it is practicable to apportion this amount between their services as directors of the company and their services as employees of other companies within AES Corporation.

The company has no employees (2013: nil).

3. AUDITOR'S REMUNERATION

The auditor's remuneration for the audit of the company's annual financial statements amounted to £15,570 (2013: £15,750).

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2014 £'000	2013 £'000
Interest payable to group companies	703	696
	703	696

5. TAX ON LOSS ON ORDINARY ACTIVITIES

	2014 £'000	2013 £'000
UK corporation tax charge on profits for the period	-	-
Adjustments in respect of previous periods	-	301
	-	301

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax can be reconciled as follows:

	2014 £'000	2013 £'000
Loss on ordinary activities before taxation	**(1,140)**	(1,024)
Tax on loss on ordinary activities at standard UK corporation tax rate of 21.49% (2013: 23.25%)	245	238
Effect of:		
Permanent differences	(261)	(1,691)
Fixed asset timing differences	1	1
Utilisation of losses	15	1,452
Adjustment in respect of prior periods	-	301
Tax credit for the period	-	301

5. TAX ON LOSS ON ORDINARY ACTIVITIES (CONTINUED)

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective 1 April 2015) were substantially enacted 2 July 2013. In the Budget on 8 July 2015, the Chancellor announced additional planned reductions to 18% by 2020. This will reduce the company's future current tax charge accordingly. Any deferred tax at 31 December 2014 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

There is an unrecognised deferred tax asset of £1,088,000 (2013: £1,155,000) in respect of tax losses and £4,000 (2013: £5,000) in respect of fixed asset timing differences. Deferred tax asset has not been recognised as there is insufficient evidence that the assets will be recovered. The asset would be recovered should the company make suitable taxable profits in the future.

6. INVESTMENTS HELD AS FIXED ASSETS

	Total £'000
Cost:	
At 1 January 2014	88
Additions	-
At 31 December 2014	88
Provision for impairment:	
At 1 January 2014 and 31 December 2014	-
Net book value:	
At 31 December 2014	88
At 31 December 2013	88

The company's total shareholding as at 31 December 2014 is 3.6% (2013: 3.6%). The principal activity of Aviation Investment Fund Company Limited is research and development solutions to the problems of wind turbines being detected on radar displays.

Details of the investments in which the company held more than 20% of the nominal value of any class of share capital either directly or indirectly as at 31 December 2014 were as follows:

Name of company	Country of incorporation	Type of shares	Voting rights and shares held	Nature of business	Net income/(loss) £'000	Aggregate capital and reserves/(deficit) £'000
Subsidiary undertakings:						
Directly held						
Touch Estate Wind Farm Limited *(formerly known as Ebbw Vale Wind Farm Limited)*	England & Wales	Ordinary	100%	Dormant company	-	-

7. DEBTORS

	2014 £'000	2013 £'000
Amounts falling due within one year:		
Amounts owed by group undertakings	**301**	304
Other debtors	**32**	60
Prepayments and accrued income	**55**	30
	388	394

8. CREDITORS: amounts falling due within one year

	2014 £'000	2013 £'000
Trade creditors	**50**	114
Amounts owed to parent company	**2,746**	2,042
Amounts owed to group undertakings	**96**	66
Accruals and deferred income	**53**	33
	2,945	2,255

9. CREDITORS: Amounts falling due after more than one year

	2014 £'000	2013 £'000
Loans payable to parent company	**12,144**	12,144

The company has a loan facility with its parent company of £18,900,000 (2013: £18,900,000) which bears interest at the London Interbank Offered Rate (LIBOR) plus 4.85% and matures in March 2020. As at 31 December 2014, the company has drawn down £12,144,204 (2013: £12,144,204).

10. CALLED UP SHARE CAPITAL

	2014 £	2013 £
Called up, allotted and fully paid:		
201 (2013: 200) Ordinary shares of £1 each	**201**	200

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2014

11. CAPITAL AND RESERVES

	Called up share capital £'000	Share premium £'000	Profit and loss account £'000	Total £'000
Balance at 1 January 2014	-	-	(13,606)	(13,606)
Loss for the financial year	-		(1,140)	(1,140)
Issue of shares	-	148	-	148
Balance at 31 December 2014	-	**148**	**(14,746)**	**(14,598)**

During the year the company issued one £1 ordinary share for a total consideration of £148,016.

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S DEFICIT

	2014 £'000	2013 £'000
Opening shareholder's deficit	**(13,606)**	(12,883)
Loss for the financial year	**(1,140)**	(723)
Issue of shares	**148**	-
Closing shareholder's deficit	**(14,598)**	(13,606)

13. CONTINGENT ASSET

An agreement is in place in which the company's immediate parent undertaking, AES K2 Limited, will gift the company shares with a value of £9,266,000. This is not due to occur until 2020 when the agreement under which this gift was made matures.

14. EVENTS SUBSEQUENT TO BALANCE SHEET DATE

During 2015, were allotted 1 ordinary share of £1 for a total nominal value of £221,000; 1 ordinary share of £1 for a total nominal value of £174,030 to the immediate parent company.

15. ULTIMATE PARENT COMPANY

The company is controlled by its immediate parent undertaking, AES K2 Limited, a company incorporated in England and Wales.

The ultimate controlling party is AES Corporation, a company incorporated in the State of Delaware, USA.

The company is a subsidiary undertaking of AES Corporation which is the ultimate parent undertaking.

The largest and smallest group in which the results of the company are controlled is that headed by AES Corporation.

Copies of the parent company's financial statements can be obtained from the Securities and Exchange Commission, 450 5th Street NW, Washington DC 20549, USA.

The company has taken advantage of the exemption granted by Financial Reporting Standard 8 "Related Party Disclosures" not to disclose transactions with other undertakings within, and related parties of, The AES Corporation Group. There are no other related party transactions during the current and preceding year.